

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT TACOMA**

WILLIAM T. WHITMAN, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

STATE FARM LIFE INSURANCE COMPANY,
an Illinois corporation

Defendant.

No. 3:19-cv-06025-BJR

DECLARATION OF JEFFREY HOLZBAUER
IN SUPPORT OF STATE FARM'S MOTION
FOR LEAVE TO FILE DOCUMENTS
UNDER SEAL

1 I, Jeffrey Holzbauer, declare:

2 1. I make this declaration of my own personal knowledge, in support of Defendant State
3 Farm Life Insurance Company's ("Defendant" or "State Farm") Motion for Leave to File Documents
4 Under Seal, and the State Farm documents identified therein. If called upon to testify to the matters
5 stated herein, I could and would do so competently.

6 2. I am State Farm's Actuarial Director with supervisory responsibilities for Life
7 Insurance Pricing and Product Development and Actuarial Services. I have been employed by State
8 Farm since 1998 and have held various positions within the actuarial department since then, including
9 positions within the Life Pricing and Product Development, Life Valuation, In-Force Product
10 Management, and Annuity Pricing and Product Development areas.

11 3. As an actuary at State Farm, I am familiar with State Farm's actuarial practices
12 (including its trade secret and proprietary cost of insurance calculations and pricing analyses) and State
13 Farm's efforts to maintain the secrecy of its proprietary confidential information. In my role, I have
14 intimate knowledge regarding State Farm's life insurance product development, management, and
15 pricing. In addition, I am familiar with State Farm's litigation activities, including the litigation related
16 to cost of insurance.

17 4. State Farm, an Illinois company, spent considerable time and effort developing its cost
18 of insurance rates and has undertaken reasonable efforts to maintain the secrecy of this proprietary
19 confidential information. State Farm employees sign secrecy agreements, information is only
20 conveyed via secure electronic messaging, and State Farm uses non-disclosure agreements with third
21 parties to ensure protection of its confidential, trade secret information.

22 5. One of the ways that State Farm is able to maintain a competitive advantage is through
23 development of assumptions based on the company's own experience with its insureds. These
24 assumptions represent analysis of multiple years of experience across a vast population of insureds.
25 State Farm takes care not to disclose its experience assumptions to other competitors, as it would
26

1 squander the competitive advantages that State Farm derives from the careful analysis State Farm
2 actuaries perform of company experience.

3 6. State Farm evaluates its cost of insurance rates by reference to its own company
4 experience with expenses, commissions, withdrawals, death claims, interest return on investments,
5 mortality, persistency, mix of business, average sizes, tax rate, and profit objectives. These
6 assumptions are maintained in confidence at State Farm and the company takes care to avoid
7 disclosure to third parties as they are valuable and competitively sensitive.

8 7. I am familiar with the information contained in the documents State Farm seeks to seal
9 and that are attached to State Farm's Motion for Leave to File Under Seal, and the following
10 documents generally contain information that include proprietary confidential State Farm information,
11 including trade secrets, or contain confidential policyholder data:

- 12 • Exhibit A to the Declaration of Alan Hendren: 94000 Series pricing binder
- 13 • Exhibit B to the Declaration of Alan Hendren: State Farm's mortality table
14 from the relevant timeframe
- 15 • Exhibit C to the Declaration of Alan Hendren: filing package to Illinois
16 including the nationwide actuarial memorandum.
- 17 • Exhibit D to the Declaration of Alan Hendren: correspondence to Illinois
18 enclosing a revised sample annual statement showing planned cost of
19 insurance rate information and expense charges.
- 20 • Exhibit F to the Declaration of Alan Hendren: filing package to Washington
21 including the actuarial memorandum
- 22 • Exhibit G to the Declaration of Alan Hendren: actuarial memorandum State
23 Farm submitted to New Jersey providing a description of the process that
24 State Farm's actuaries followed to develop the cost of insurance rates for use
25 with the 94030 Policy

- Exhibit J to the Declaration of Alan Hendren: 1994 version of the rate book that was in place when Plaintiff purchased his Policy
- Exhibit A to the declaration of Tim Crabtree: Summary of policyholder data
- Declaration and Expert Report of Rebecca Kirk Fair
- Exhibit 1 to the Declaration and Expert Report of Rebecca Kirk Fair: Summary State Farm Washington Form 94030 Policyholder Data
- Exhibit 2 to the Declaration and Expert Report of Rebecca Kirk Fair: Summary State Farm Washington Form 94030 Policyholder Data
- Exhibit 3 to the Declaration and Expert Report of Rebecca Kirk Fair: Summary State Farm Washington Form 94030 Policyholder Data
- Declaration and Report of Lauren J. Stiroh
- Exhibit 3 to the Declaration and Report of Lauren J. Stiroh: analysis of Plaintiff's damages model that contains confidential policyholder data.
- Exhibits 4-8 to the Declaration and Report of Lauren J. Stiroh: illustrations of the comparative COI rates and alleged damages for certain policies
- Expert Report of Craig Reynolds

8. The information contained in these documents reveals proprietary confidential State Farm information related to the development of State Farm's life insurance products, including trade secret actuarial methodologies and calculations and trade secret pricing analyses.

9. State Farm has not made this information public, and this information is competitively sensitive. If this information were to be revealed to the public, State Farm's competitor insurance companies could use this information to develop competing life insurance products based on State Farm's actuarial calculations.

10. This confidential information is valuable to State Farm and it would be valuable to a competitor or potential competitor. State Farm further believes that disclosure of this information to

competitors and potential competitors may cause serious economic injury to State Farm and that disclosure could place State Farm at a competitive disadvantage.

11. State Farm has taken steps to maintain this information as Confidential in all previous litigation, including in *Vogt* and in *Bally*, where State Farm sought entry of Protective Orders protecting State Farm's information and thereafter moved to maintain this information under seal in all court filings.

I declare under the penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed this 29th day of March 2021 in Bloomington, Illinois.

/s/



Jeffrey Holzbauer